

MR. ISAKI: Thank you Mr. Chairman, members of the Commission. I'm pleased to be here today. My opening remarks will be brief. You have the more extended set of comments that I've submitted.

I think that the context that I'd like to speak to is essentially that the U.S. represents certainly one of the most open markets in the world from the standpoint of trade. By contrast, many of the companies in our state find difficult sledding in certain markets overseas because of both tariff and non-tariff barriers.

These barriers distort and restrict trade and U.S. exports and are a factor behind the deficit that you have been asked to examine.

Some of the examples of tariff and non-tariff barriers that I've cited in my extended remarks, and I'll simply mention it here, include tariffs on both agricultural and certain manufactured products. The policies behind tariffs -- to raise revenue from the tariff for the opposing country and also to provide a modicum of cushion to protect the domestic industry -- are not clearly the only reasons why tariffs are imposed, and their impacts differ.

It is difficult to imagine, for example, why certain countries levee a 40 percent tariff on imported frozen french fried products, a substantial

percentage of which emanate from this state, when they do not have a domestic agricultural base that produces a potato from which you can freeze and make a french fry.

There is much substantive and anecdotal evidence behind the application of tariffs. And clearly the move afoot by the World Trade Organization and others to lower tariffs is a step in the right direction. But I would suggest that this area is a key impediment to the increase in U.S. exports.

There is from the standpoint of non-tariff barriers or non-tariff issues that affect, restrict and unnaturally distort trade, the whole matter of rights, and the key of which is intellectual property rights and their enforcement.

Again, there are a number of measures afoot, particularly within the World Trade Organization, to remedy that. Not only the development and adoption of rules recognizing rights, but the development of enforcement mechanisms and the follow through necessary to make sure those rules are followed.

And as we heard from a recent visit from the head of the World Bank, corruption is an issue that is a non-tariff barrier, restricting trade which increasingly is receiving attention worldwide. I know

the World Bank has made it a priority. Transparency is an important aspect of trade policy that again has an important impact on the ability to negotiate various systems throughout the world.

The issue of export subsidies of various kinds, as well as state training enterprises, are other areas where trade patterns are distorted both as to price and supply, that has a dramatic impact on imports, or, I'm sorry, exports from the United States.

In recognizing that as this country continues to grow, the amount of imports that it both relies upon for further manufacturing as well as for distribution as final product, the ability for our companies to export and to deal with these barriers is an important issue.

As to some of the areas of solution, I think it is very important that the United States have fast-track authority. The ability to enter into and negotiate international agreements is a critical aspect of the ability to press a trade policy that is both fair, as well as evenly competitive.

The lack of fast track has probably opened the door for our competitors to undercut us in certain markets as agreements have been negotiated over time.

Accession to the World trade Organization is another area where more countries, and most notably the potential for China to join the World Trade Organization, is another area to bring more countries together in a joint effort at free and competitive trade is an important issue. Those efforts at leveling the playing --

COMMISSIONER LEWIS: Excuse me. Two minutes.

MR. ISAKI: Okay. Those efforts at leveling the playing field I think are key to helping to maintain and actually enhance U.S. export capability, which will have a dramatic impact on the deficit.

Thank you.

COMMISSIONER LEWIS: Thank you very much. And I think you might as well just keep going across. The next person would be Skip Kotkins. He's with Skyway Luggage in Seattle.